{stdlongdate} Member ID: {stdMbrPERSLinkID}

{stdMbrFullName}

{stdMbrAdrCorStreet1}

{x stdMbrAdrCorStreet2}

{stdMbrAdrCorCity} {stdMbrAdrCorState} {stdMbrAdrCorZip}

**RE: RETIREMENT ACCOUNT**

Dear {stdMbrSalutation}:

Upon termination of employment with all participating NDPERS employers, you have various options regarding your NDPERS retirement account. Termination of employment is defined as being off the payroll of all NDPERS covered employers for 31 days.

You have a current member account balance of {AcctBalance}. Of this amount, {TaxableAmount} is taxable income and {NonTaxableAmount} is non-taxable income.

The options for your account are:

**OPTION 1**

You can choose to have your member account balance paid directly to you. To elect this option, a Refund/Rollover Kit must be completed. If you choose this option, you will only receive 80% of the taxable amount of your account balance because we are required to withhold 20% of the payment and send it to the IRS as Federal income tax. In addition, if you are under age 59 1/2, you may be subject to an additional 10% penalty for early withdrawal. This would be payable when you file taxes for the year you took the refund. The 10% penalty cannot be withheld by NDPERS.

**OPTION 2**

You can choose to have all or a portion of your account balance directly rolled over into a traditional IRA or another eligible employer plan. To elect this option, a Refund/Rollover Kit must be completed. The rolled over portion would not be taxed until you take it out of the traditional IRA or other qualified plan. Be sure to check to see if the traditional IRA or other eligible employer plan will accept a rollover from a 401(a) plan. Also, if any portion of the rollover is non-taxable income, then NDPERS requires a letter of acceptance from the financial institution indicating that they can accept both taxable and non-taxable income, as well as provide the necessary record-keeping for these funds.

**OPTION 3**

You can leave your member account balance intact with NDPERS and take a refund or rollover later. To elect this option, a Deferred Retirement Kit must be completed. Your account will continue to accrue interest and remain tax sheltered. The current interest rate is 7.5% compounded monthly. This interest rate is established by the NDPERS Board.

**OPTION 4 *[This option is only available for vested members]***

You can elect a Deferred Vested Benefit. To elect this option, a Deferred Retirement Kit must be completed. Under this option, you would leave your member account balance with NDPERS and elect to receive a monthly benefit at retirement. The earliest age a member can begin to receive a monthly benefit is age 55 or the Rule 85, whichever occurs first. Enclosed for your review are benefit estimates based on early and normal retirement. Interest continues to compound on your account balance until you begin receiving a monthly benefit.

Vested or not, by taking a refund or rollover of your member account balance, you forfeit:

• Retirement Benefits

• Disability Benefits

• Non-Vested Employer Contributions

• Retiree Health Credit

• Dakota Plan Health Insurance Coverage

• Dental Insurance Coverage

• Vision Insurance Coverage

• Long-Term Care Insurance Coverage

If you have any questions, please call NDPERS at {stdNDPERSPhoneNumber} or {stdNDPERSTollFreePhoneNumber}.

Sincerely,

NDPERS Benefits Division

Enclosure - Benefit Estimates